HIP
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March 31, 1998

Honorable John Dingell
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Dingell:

For over 50 years, HIP has worked hard to provide the highest-quality health care to our members. We have consistently endorsed efforts, both public and private, to assure accountability by health plans everywhere to the members they serve.

The issue of improving quality and access to care in the managed care industry has moved to the forefront in the past year. The emergence of this issue can be seen through the actions of state legislatures, the report of the President's quality commission, and the introduction of this and other bills in the Congress. As a pioneer in the managed care field, HIP believes that the contributions of health plans like ours to reducing the growth in health care costs while promoting high-quality, comprehensive care are significant and should not be ignored. Nevertheless, we recognize that we must and should respond to the concerns of the American public about the quality of their health care.

In order to increase the confidence of the public in our commitment to providing high-quality, accountable health care, we joined last year with two sister HMOs and two national consumer organizations to develop 18 principles for consumer protection standards. Our statement represents the first significant agreement among industry leaders and consumer representatives regarding legally enforceable national standards to assure Americans in managed health care plans that their rights will be protected.

The standards we have endorsed cover 18 areas of consumer concern, including: accessibility of services, choice of health plans, confidentiality of health plan information, continuity of care, disclosure of information to consumers, coverage of emergency care, experimental care, development of drug formularies, disclosure of loss ratios, prohibitions against discrimination, ombudsman programs, out-of-area coverage, performance measurement and data reporting, provider communications with patients, provider credentialing, provider reimbursement incentives, quality assurance, and utilization management.

We are pleased to note that the bill introduced which you and other Members introduced today is the first piece of federal legislation which includes all 18 of our principles for consumer protection. We believe that inclusion of these principles in Federal legislation as you and other cosponsors have proposed is a significant and positive step forward in defining an appropriate standard of performance for health plans. If the bill also included appropriate measures to streamline and rationalize the current patchwork quilt of costly, confusing, and contradictory regulatory mechanisms which health plans currently face, we could endorse these provisions of the bill unequivocally.

If adopted, these provisions would change the way in which health plans deliver health care: health plan members would know that access to specialists, even if a given plan does not include a group or network physician with appropriate training or experience, would be part of their covered benefits. Health plan members would not have payment for emergency care denied after the fact because what a member reasonably thought was a life-threatening or critical condition turned out to be something less serious.

Physicians would be returned to their central role in the delivery of health care by making clear that they were free (and, in fact, expected) to discuss all treatment options with their patients. Drug formularies would be developed in consultation with physicians, and there would always be an exception process when a physician wanted to order a non-Formulary drug. And perhaps most importantly, health plans would be subjected to independent, external review of their quality assurance programs. Those of us who manage accredited HMOs know that we do more to continuously improve the quality of the health care we provide than has ever been contemplated in the fee-for-service world. Nevertheless, we have failed to convince the public of the strength of our commitment to quality; opening the process to expert public scrutiny, including scrutiny by governmental agencies would go a long way to instilling confidence in the public.

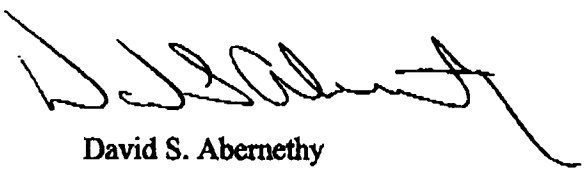
Although we are grateful for changes made in the bill during the drafting process, we remain concerned about a number of issues, both major and minor. Among the major issues, we are particularly concerned about provisions relating to mastectomy. As we have stated, we believe doctors must make medical decisions. For this reason we oppose strongly the inclusion of a provision providing for 48-hour length-of-stay for mastectomy. We believe that mandating specific lengths-of-stay is a dangerous area because it puts legislators in the position of interposing your judgment with that of our physicians. Technological advancements in the past two decades have made surgery less invasive and have resulted in reduced hospital length-of-stays for most procedures. While a 48-hour length-of-stay for mastectomy may be the protocol today, it may not be in 5 years. In developing our principles for consumer protection, we wanted to get away from body-part legislation. These bills only address the symptoms of the problem rather than the causes. We believe that if comprehensive consumer protections are enacted, such legislation is unnecessary.

There is a belief that health plans are making medical decisions and therefore should be held liable under the medical malpractice laws. HIP is opposed to the idea of expanding health plan liability. We believe that the expansion of health plan liability will just add another deep pocket to a malpractice system that has been proven to be arbitrary and capricious at best, and appears mainly to benefit the legal community. Health plan liability expansion will simply drive up costs without contributing to a reduction in medical errors or an improvement in quality.

HIP believes that any federal standards must assure that state-licensed health plans are not subject to costly and often conflicting state and Federal laws. If we are to have national uniform standards, then they must be applied in a way that assures uniformity. Our current regulatory system is uneven and confusing and it poses unreasonable burdens on health plans, particularly those like HIP which operate in multiple states. We strongly oppose layering new Federal authority on top of state requirements, Medicare requirements, Medicaid requirements, Child Health requirements, FEHBP requirements, and the rest, as the Dingell bill proposes. We believe that it is possible for the Congress to establish a clear set of rules on how health plans of any kind, including self-insured, state-licensed, indemnity, HMOs, PPOs, PSOs, etc., should behave. We believe it is possible to devise a regulatory structure with clear lines of authority and responsibility. We do not believe it makes sense to continue with the muddled jumble we now endure, and then add more confusion on top.

The bill is a significant step forward as we grapple with this difficult national issue. It is apparent that a great deal of work and thought went into its drafting. We applaud the fact that the authors did not include many provider protection measures which have been included in other bills. And although we have problems with some provisions of the bill, we applaud you for including all of our 18 principles for consumer protection in this legislation. We hope that you will consider our concerns in the constructive spirit with which they are offered, and we look forward to continuing to work with you as Congress considers this important issue.

Sincerely,



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